

VZCZCXRO2886  
PP RUEHDBU  
DE RUEHDBU #0402/01 0600903  
ZNY CCCCC ZZH  
P 010903Z MAR 06  
FM AMEMBASSY DUSHANBE  
TO RUEHC/SECSTATE WASHDC PRIORITY 6839  
INFO RUCPDO/USDOC WASHDC PRIORITY 0082  
RHEHNSC/NSC WASHINGTON DC  
RUCNCIS/CIS COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA PRIORITY 1415  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1456  
RUEHRL/AMEMBASSY BERLIN PRIORITY 1445  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 1396  
RUEHBUL/AMEMBASSY KABUL PRIORITY 1342  
RUEHLO/AMEMBASSY LONDON PRIORITY 1412  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1370  
RUEHFR/AMEMBASSY PARIS PRIORITY 1307  
RUEHKO/AMEMBASSY TOKYO PRIORITY 1215  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHINGTON DC  
RUEKJCS/SECDEF WASHINGTON DC  
RUEKJCS/JOINT STAFF WASHDC  
RHMFISS/HQ USCENCOM MACDILL AFB FL  
RHMFISS/HQ USEUCOM VAIHINGEN GE  
RHMFISS/HQ USSOCOM MACDILL AFB FL  
RUEHNO/USMISSION USNATO PRIORITY 1449  
RUEHVEN/USMISSION USOSCE PRIORITY 1496  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0996  
RUEHBS/USEU BRUSSELS PRIORITY 0789  
RUEHDBU/AMEMBASSY DUSHANBE 7958

C O N F I D E N T I A L SECTION 01 OF 04 DUSHANBE 000402

SIPDIS

SIPDIS

STATE FOR SCA/CEN, EB  
NSC FOR MILLARD, MERKEL

E.O. 12958: DECL: 3/1/2016

TAGS: [PGOV](#) [ECON](#) [EINV](#) [TI](#)

SUBJECT: TAJIKISTAN: AGA KHAN SERENA HOTEL PROBABLY DOWN THE TUBES  
-- "WHO WANTS ON 'OLD-SHOE HOTEL'?"

CLASSIFIED BY: Richard E. Hoagland, Ambassador, EXEC, Embassy  
Dushanbe.  
REASON: 1.4 (b), (d)

11. (C) SUMMARY: Prince Ayn Aga Khan visited Dushanbe February 24 to break ground for the long-awaited Dushanbe Serena Hotel. Instead, President Rahmonov and Dushanbe Mayor Obaidulloyev, improbable allies for once, probably broke the project for good, on camera. Although this appears to be high-handed, authoritarian, capricious idiocy at its worst, it may conceal deeper political and financial intrigues on several levels - as well as arrogant idiocy. END SUMMARY.

#### BACKGROUND

12. (C) At least four years ago, Prince Ayn Aga Khan personally negotiated the purchase of a prime piece of real estate in the heart of historic downtown Dushanbe (allegedly for at least \$1 million) to be retrofitted and rebuilt as Tajikistan's first international-class hotel. (COMMENT: Four years ago, \$1 million in Dushanbe would have been significant money. Now, it's smaller change. END COMMENT.)

13. (U) The Aga Khan Serena hotels are known internationally for especially sensitive contextual architecture and first-rate management and provision of services. The property Prince Ayn bought was the "Old Shoe Factory," a long-abandoned Soviet enterprise, the facade of which is a near-masterpiece of Art Moderne architecture on the half mile of lower Rudaki Avenue that has perhaps the finest intact assemblage of restrained

neo-classical and modernist Soviet architecture in the entire former Soviet Union, a stretch of avenue that would be a prime candidate for historic-district designation and, thus, a tourist magnet in any other part of the world. Nearby buildings include the Soviet neo-classical National Museum, old Central Bank headquarters, the original National University building, the National Library, the Opera House, several ministries, the retrofitted Turkish Embassy, and the Parliament and Foreign Ministry.

¶4. (U) During a February 28 introductory call by new Resident Coordinator of the Aga Khan Development Network Munir Merali, the Ambassador asked him to comment on the press report (para 14 below) in which President Rahmonov allegedly "expressed dissatisfaction with the architect's activity" and demanded a new plan for the hotel.

¶5. (C) Obviously distressed, Merali explained that renowned Indian architect Ramish Kosla had, after prolonged debate with the Dushanbe City Architect's office, produced a design that would preserve the street-front facade of the building and plug in a non-obtrusive mostly low-rise, multi-bloc 180-room hotel behind the facade.

"HRUMPH! WHO WANTS AN OLD-SHOE HOTEL?"

¶6. (C) During the February 24 public ceremony to reveal the final plan, Dushanbe Mayor Obaidulloyev circled the maquette and architectural renderings for 15 minutes without saying a word until President Rahmonov arrived with TV cameras in tow. With cameras rolling, Obaidulloyev turned to Rahmonov and said, "Didn't you tell me you wanted all these worthless old buildings torn down and replaced with modern architecture with a minimum

DUSHANBE 00000402 002 OF 004

of seven stories? Look at this! They want to preserve the Old Shoe Factory! Why do we want to remember that? Even if they built it, we'd always call it the 'Old Shoe Hotel'!"

"ARE YOU OUT OF YOUR [BLEEPED] MINDS?"

¶7. (C) Reportedly, Rahmonov, possibly taken off guard, ad libbed his diatribe against the plan. Prince Aryn, himself an architecture aficionado, was scandalized, and began to argue his vision for the entire avenue from an esthetic viewpoint. Merali said he whispered to the prince that he shouldn't dispute with such senior authorities on camera. Merali mused to the Ambassador, "Why should we build them an anonymous Holiday Inn piece of crap? That's not what Aga Khan Serena does. It wouldn't be financially viable, especially with the glut of international hotels planned for Dushanbe. We'll probably drop the project and try to sell the land."

COMMENT

¶8. (C) There are probably multiple layers of political, financial, and inter-personal intrigue at work here. Obaidulloyev and Rahmonov, to say the least, are no great friends or even political-allies-of-convenience. Although once considered a bitter and dangerous Rahmonov foe, Obaidulloyev has reportedly lost some of his invincible mafia-don-like clout since his protector and financial compadre, General Gaffur Mirzoyev, was arrested in August 2004. To maintain political stability, Rahmonov may tweak Obaidulloyev in public but has never been known to out-right contradict him. To do so could be interpreted as the beginning of the end of Obaidulloyev, and in a presidential election year Rahmonov probably does not want to risk that real political struggle.

¶9. (C) Rahmonov has never before gone on the record against old Dushanbe's historically significant architecture, especially the important assemblage along lower Rudaki. But we know that Obaidulloyev has long harbored a desire to tear down the old and replace it with the kinds of frou-frou pastiches that pass for contemporary architecture in Moscow and Astana. The first example in Dushanbe, now under construction, is the informally

named "Luzhkov Complex" (named for Moscow Mayor Yuriy Luzhkov who is thought to be financing it) on Rudaki, a block from the neo-classical parliament building and across the street from the Bauhaus-style Old Philharmonic, currently retrofitted as the headquarters for Safina TV, Tajik State TV's new cultural channel.

¶10. (C) Some have speculated that Rahmonov may have sided with Obaidulloyev on this one for an entirely different reason - his visceral reaction against the power of the Aga Khan Ismailis in Tajikistan. The eastern half of the country, Gorno Badakhshan Autonomous Oblast, is historically an Ismaili preserve, and the Aga Khan is revered there as a sovereign. Tajikistan has allowed the Aga Khan network almost quasi-governmental status there because it essentially provides the lion's share of all development and even basic social support to the Pamiri people of Badakhshan. In Dushanbe, Aga Khan is building a luxurious Ismaili Center, one of only two currently under construction in the world, and has just concluded negotiations to construct an office tower and "representational complex" adjacent to Oriyon Bank, the "first-family bank," on Rudaki. The current conventional political wisdom is that no one dares challenge the political power of the "Khan of Tajikistan," and Rahmonov instinctively may have decided to side with Obaidulloyev - not

DUSHANBE 00000402 003 OF 004

to support Obaidulloyev, but to demonstrate his own political power vis-à-vis the Ismailis.

¶11. (C) There is yet another possible explanation. The (Basic Element-RusAl-Russian Hotels) Oleg Deripaska-financed Hyatt Regency, about to break ground for construction, is widely believed to be a first-family Oriyon Bank co-project with Deripaska. Some speculate that the Rahmonov family interests do not want the internationally recognized Serena chain to compete with what in a sense will be the first-family five-star hotel. The intriguing, as-yet-unanswered question is how Rahmonov-Deripaska got Obaidulloyev to cede the Hyatt building site in a major city park - nothing happens in Dushanbe without Obaidulloyev's personal stamp of approval.

¶12. (C) It is a great shame that a Serena Hotel will now likely never be built in Dushanbe. But had it been, it would have faced an irrational glut of competition from current or planned five-star projects. The ones under construction are an Indian project on Ayni Avenue (at the site of the former Infectious Diseases Hospital) that will be a hotel and convention center, Deripaska-Oriyon Bank's Hyatt Regency Hotel and Spa for which Obaidulloyev ceded half of Komsomolskiy Park for the complex, and a rumored Turkish venture that will cover a full city block on Rudaki across from the Opera House in one direction and the "Luzhkov Complex" in the other direction.

¶13. (C) Two and a half years ago when the Ambassador first advocated in a public forum for an international-class hotel to accommodate international investors, Obaidulloyev threatened to sue him if he ever again said such a thing in public. It now appears that Dushanbe will soon enough have a surfeit of five-star hotels. Of course, international business is rife with towering and often eccentric egos, like Obaidulloyev and Rahmonov. However, bottom-line analysts and squint-eyed business sense usually temper the most irrational excesses. But, apparently, not yet in Dushanbe. END COMMENT.

¶14. (U) BEGIN TEXT OF PRESS REPORT:

[Headline] Rahmonov criticizes SERENA hotel construction project  
DUSHANBE, 24 Feb - Avesta /N. Pirnazarov/. - SERENA hotel construction project was presented Friday in Dushanbe. Tajik President Emomali Rahmonov, Dushanbe Mayor Mahmadsaid Ubaidullaev and Prince Amin Aga-Khan have attended the ceremony. Architects from Aga-Khan Foundation have presented the project and a model of the future hotel to the president. According to the project, the future hotel will consist of three buildings: one two-story, one four-story and one nine-story building. There will be a banquet hall, business-center and three conference

halls in the hotel. Several cafes will be built around the periphery of the building. Presidential apartments and first-class rooms will be located at the second floor. According to the project, the construction will be launched this year. The first stage of the project will last till 2008. On the completion of the first stage the hotel will seat 90 guests and the number of seats is expected to be increased up to 150 in the future. The project costs \$25 million. Tajik President has expressed dissatisfaction with architects' activity and terms of the project. "You have to elaborate a project that would be suitable for us," he said. "The first building should have seven floors. This is our position." There is a mistaken belief that Dushanbe located in seismically dangerous area, he said. This is not true and we are going to

DUSHANBE 00000402 004 OF 004

build several 26-storey houses in the city. Rahmonov expressed dissatisfaction with the elevation of the third building of the future hotel. "Two years ago we allocated a very good land for the construction of the hotel in central Dushanbe," he said. "The terms are too long. This should be a hotel, not a king's palace." The construction of another two hotels, both will seat 450 and 250 guests, will be launched in Dushanbe in March. Both hotels are expected to be commissioned within one year, Rahmonov said.

END TEXT.  
HOAGLAND